

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 23, 1985

The twelfth meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 8:06 am in Room 415 of the Capitol Building.

ROLL CALL: All members of the committee were present.

CONSIDERATION OF SB 99: Senator J. D. Lynch, chief sponsor, was recognized. He said that this bill was another of different versions that had come before the Legislature in past sessions. He said that it was introduced on behalf of the County Assessors Association. The bill, he said, addressed the problem of cars that had not been used and, therefore, should not have to be taxed for more than one year of back taxes. Currently, he said the cars were to be taxed from the time they were last licensed and that proved an undue administrative burden.

PROPOSERS

Martha McGee, Lewis and Clark County Treasurer, said the problems in collecting these taxes were difficult and that the bill would bring uniformity to the practice of all assessors and treasurers. She said currently some people license vehicles out-of-state to circumvent the difficult Montana law.

Edith Parker, President of the Montana Assessors Association, said that it is very difficult to go back that many years as the different fees for different vehicles become hard to compute.

Dennis Burr of the Montana Taxpayers Association said that they support the bill. He said the current law is a problem for someone who purchases a vehicle not knowing that it has not been licensed for years.

OPPOSERS

None were heard.

Questions from the committee were called for.

Senator Hager asked if this would apply to all vehicle licenses. Senator Lynch said, yes.

Senator Mazurek asked if there was any magic in the one-year provision. Senator Lynch said that one year was reasonable and would produce some revenue.

Senator Towe asked if other fees were included in this. Senator Lynch said that it was drafted inclusively. Mr. Burr said that it did cover all fees.

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Senator Lynch closed by saying that the Taxpayers Association had not previously supported a bill of his and that he would be looking into the bill again himself.

Chairman Towe closed the hearing on SB 99.

CONSIDERATION OF SB 76: Senator Halligan was recognized as chief sponsor of the bill. He said the bill is the bastardized version of an all purpose mill levy he introduced last session. He said currently there are about 38 separate and distinct levies for county commissions to consider. He said this bill would consolidate several of those levies for use at the discretion of the county commissions. He said that the consolidated levy would be optional on an annual basis and that it would afford flexibility to local government to meet their needs appropriately.

PROPOSERS

Gordon Morris, Executive Director of the Montana Association of Counties, said that the broad based authority would be appropriately handled. He said it would lower the total mil capability from 24 3/4 to 24. He said there would be no automatic increases in amounts levied. The bill, he said, speaks to the issue of local government flexibility and responsibility; allowing local elected officials to respond to the priorities in their own jurisdictions.

One problem he pointed out with the bill is concern about a library levy which is a separate levy in some cities and counties. That would need to be eliminated for city residents to avoid double taxation.

Greg Jackson representing the Urban Coalition, a consortium of Montana's largest cities and counties, said that he was in favor of the flexibility for local government to manage their own affairs.

OPPOSERS

Dennis Burr of the Montana Taxpayers Association said that they regarded it as an increase in total authorization. He used a handout (Exhibit 1) to show that no counties are currently assessing the maximum amount. The second objection is that it would transfer funds earmarked for one purpose and some projects may not be funded.

Questions from the committee were called for.

Senator Lybeck asked about the mosquito control districts and Mr. Morris explained that these are voluntary by the citizens themselves, thus are not included in this bill.

Senator Mazurek asked about the library problem and Senator Halligan said that he would be open to an amendment to clarify that.

Senator Eck asked how this particular collection of levies was chosen. Senator Halligan said that they sought those that would give local government some flexibility without eroding a particular

constituency, such as those who depend on the road fund. Senator Eck said that perhaps others could be included.

Senator Brown said that they are designed to protect the interest they finance. Senator Halligan responded that the competition would be consistent with how budgeting is done at the state level.

Senator McCallum asked if Saunders County levy would go up to 24 mils. Mr. Morris said that a county would not automatically levy the full amount. He said, again, that county commissioners are responsible local elected officials and that this bill would actually make their budgeting process more difficult. He added that a noxious weed act would be coming into this Legislature.

Senator Goodover asked how this would affect Cascade County. Mr. Morris said that five or six of the levies currently assessed there could be aggregated into one with this bill. Senator Towe said that the list provided by the Taxpayers Association shows that the maximum is rarely used even now.

Senator Halligan said in closing that the bill is a step in the right direction. County commissioners should be allowed to run their own shops. He said that Ravalli County, for example, has the second highest senior population in the state and could use an additional amount to address that problem. He said that he would address amendments to handle the double taxation threat regarding libraries and he stressed that use of the consolidated levy is optional. He said that the committee cannot treat elected officials like children and that this approach is consistent with the self-government concepts often espoused at campaign time.

Chairman Towe closed the hearing on SB 76.

FURTHER CONSIDERATION OF SB 33:

Senator Severson offered amendments insuring that christmas trees be taxed as an agricultural crop rather than as timber. Senator Mazurek said that he wanted the language tightened to specify "commercial" christmas trees.

Senator Towe wanted the bill clarified so that the capital costs of water systems and costs of distributing the water through those systems were clearly separated. The committee discussed again the understanding of the basic productivity of the land being taxed and not penalizing a farmer who increased the land's productivity.

MOTION: Senator Severson moved to amend SB 33 as follows:

1. Page 3, line 8.

Following: "{3}"

Strike: "Within"

Insert: "Except as provided in subsections (3) and (4), within"

2. Page 4, line 2.

Following: "shall"

Strike: "be revised, taking"

Insert: "take noncapital"

3. Page 4, line 3.

Following: "water"

Insert: "distribution"

4. Page 4, line 7.

Following: "timber."

Insert: "The provisions of subsection (4)(a) do apply to agricultural land used for growing christmas trees for commercial purposes."

The motion carried unanimously.

MOTION: Senator Severson moved that SB 33 do pass as amended. The motion carried unanimously.

FURTHER CONSIDERATION OF SB 51: Senator Brown presented amendments to the bill which would preclude using its provisions against someone who could not pay taxes. Hewalked the committee through the amendments.

MOTION: Senator Brown moved that SB 51 be amended as follows:

1. Page 2, line 10.

Following: "person"

Strike: "fails,"

2. Page 2, line 11.

Following: line 10

Strike: "violating"

Insert: "violates"

Following: "chapter"

Strike: ", "

3. Page 2, line 12.

Following: "tax"

Strike: "if one is due"

4. Page 2, line 13.

Following: "by"

Strike: "or under"

5. Page 2.

Following: line 23

Insert: "(c) The minimum penalties provided for in subsections (2)(a)(i) and (2)(a)(ii) do not apply if the taxpayer files a written statement under oath on a form provided by the department verifying that he is unable to pay the tax due."

Senator Goodover clarified that the tax would still be collected and that the excluding language applied only to penalties.

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With Senators Goodover and McCallum voting no, and all other committee members voting yes, the motion carried.

MOTION: Senator Brown then moved that SB 51 do pass as amended. With Senators Brown, Eck, Halligan, Hirsch, Lybeck, Mazurek and Towe voting, yes; and Senators Goodover, Hager, McCallum, Neuman and Severson voting, no; the motion carried.

FURTHER CONSIDERATION OF SB 72: James Oppedahl of the Governor's Office of Budget and Program Planning was recognized. He said that the revenue anticipated from SB 72 is included in the Governor's revenue projections. Senator Towe said that passing the bill would mean a loss of about \$3 million over the biennium.

MOTION: Senator Hager moved that SB 72 be amended as follows:

1. Title, line 5.

Following: "SECURITY"

Insert: "AND TIER 1 RAILROAD RETIREMENT"

2. Page 3, lines 12 and 13.

Following: "all" on line 12

Strike: remainder of subsection (m) through "II" on line 13

Insert: "social security and tier 1 railroad retirement benefits described in section 86 of the Internal Revenue Code of 1954, as amended and applicable on January 1, 1984"

3. Page 5, line 3.

Strike: "1984"

Insert: "1983"

Mr. Lear of the committee staff said that these amendments should have been incorporated into the drafted bill as requested by Senator Hager.

The motion carried unanimously.

The Department of Revenue amendments were then brought before the committee.

MOTION: Senator Halligan moved that SB 72 be amended as follows:

1. Title, line 4.

Following: "EXCLUDE"

Insert: "CERTAIN"

2. Title, line 6.

Following: "LIABILITY"

Insert: "BY PROVIDING A BASE EXCLUSION FOR MARRIED PERSONS FILING SEPARATELY"

3. Page 3, line 12.

Strike: section (m) in its entirety

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4. Page 4, line 20.

Following: line 20

Insert: "(6) Married taxpayers, filing a joint federal return, who must include part of their social security benefits in federal adjusted gross income, can split the federal base used in calculation of federal taxable social security benefits when they file separate Montana income tax returns. The federal base must be split equally on the Montana return."

Senator Halligan said that it is appropriate to tax those who can afford to pay and that the Department's amendments ought to be adopted.

Senator Eck said that while she is a strong supporter of progressive taxation, she has problems with taxing social security when so many other exemptions are made.

Senator Hager said that these amendments would gut his bill and that to disallow taxation of any social security benefits is the purpose of the bill.

Senator Halligan said he was also seeking to soften the impact of a \$3 million budget loss.

Senator Towe said that if someone earns \$32,000 it could be taxed.

Senator Hager said that to not pass the bill would be unfair to one class of people who have never paid tax on social security.


Senator Goodover agreed saying that dollars never before collected should not be considered revenue.

Senator Hirsch asked if the amendments were adopted if municipal bond income could be excluded.

The question on Senator Halligan's motion to amend was called. With Senators Brown, Eck, Goodover, Hager, McCallum, Neuman and Severson voting, no; and Senators Halligan, Hirsch, Lybeck, Mazurek and Towe voting, yes; the amendments failed.

MOTION: Senator Hager then moved that SB 72 do pass as amended.
The motion carried unanimously.

Chairman Towe adjourned the meeting at 10 am.



Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date January 23, 1985 8:06am

Location -- Room 413-415

Name	Present	Absent	Excused
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Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman	✓		
Senator Severson	✓		
Senator Towe	✓		

DATE _____

COMMITTEE ON _____

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

NAME Martha B. McGee BILL NO. SB 99
ADDRESS 712 N. Davis DATE 1/23/85
WHOM DO YOU REPRESENT State Treasurers Ass'n & L. C. County
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: I am in support of what the bill
as proposed, and have been requested
to speak in support of it also for
the Mt. Treasurers Association

NAME Edith M. Barker BILL NO. SB 99
ADDRESS 8 S. Main. Conrad DATE 1/23/85
WHOM DO YOU REPRESENT Montana Assessors Assoc.
SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

*I support this bill for the
Assessors Assoc.*

	YELLOWSTONE	LEW. + CL.	FLATHEAD	CARBON	JEFFERSON	PETROLEUM	SANDERS
BRIDGE	2.81	3.34	3.03	4.00	4.00	3.00	3.40 *
FERRY	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CREATION	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CIVIC CENTER	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MUSEUM	0.96	0.00	0.50	0.25	0.00	0.00	0.00
COUNTY FAIR	1.47	1.50	1.50	0.52	0.00	0.00	0.50
NEED	0.59	2.00	1.11	2.00	2.00	0.00	1.45
INSECT PEST	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIBRARY	4.05	4.55	3.72	0.00	3.00	3.00	0.80
AIRPORT	0.00	2.00	2.00	0.01	0.00	0.00	1.98
INVESTOCK SHOW	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV. DIS. FAC.	0.00	0.74	0.00	0.00	0.00	0.00	0.00
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TOTAL (MILLS)	9.88	14.13	11.86	6.78	9.00	6.00	8.13

* SANDERS has a Special Bridge Levy of 0.25 mills, corrected total: 8.38

EXHIBIT 1 -- SB 76
Senate Taxation Committee
January 23, 1985

STANDING COMMITTEE REPORT

January 23 1985

MR. PRESIDENT

We, your committee on Taxation
having had under consideration Senate Bill No. 33
first reading copy (white)
color

ESTABLISHING AGRICULTURAL LAND VALUES FOR 1986 REVALUATION CYCLE

Respectfully report as follows: That Senate Bill No. 33

be amended as follows:

1. Page 3, line 6.
Following: ~~"(3)"~~
Strike: "Within"
Insert: "Except as provided in subsections (3) and (4), within"
2. Page 4, line 2.
Following: "shall"
Strike: "be revised, taking"
Insert: "take noncapital"
3. Page 4, line 3.
Following: "water"
Insert: "distribution"
4. Page 4, line 7.
Following: "timber"
Insert: "The provisions of subsection (4)(a) do apply to agricultural land used for growing christmas trees for commercial purposes."

AND AS AMENDED

DO PASS

XXXXXX
DO NOT PASS

Thomas E. Towe,

Chairman.

STANDING COMMITTEE REPORT

January 23, 1985

MR. PRESIDENT

We, your committee on **Taxation**

having had under consideration **Senate Bill** No. **51**

first reading copy (**white**)
color

INCREASING PENALTY FOR VIOLATION OF INCOME TAX LAW

Respectfully report as follows: That **Senate Bill** No. **51**

be amended as follows:

1. Page 2, line 10.
Following: "person"
Strike: "fails,"

2. Page 2, line 11.
Following: line 10
Strike: "violating"
Insert: "violates"
Following: "chapter"
Strike: ","

3. Page 2, line 12.
Following: "tax"
Strike: "if one is due"

4. Page 2, line 13.
Following: "by"
Strike: "or under"

5. Page 2, line 22.
Following: line 23

Insert: "(c) The minimum penalties provided for in subsections (2)(a) and (2)(a)(ii) do not apply if the taxpayer files a written statement under oath on a form provided by the department verifying that he is unable to pay the tax due."

AND AS AMENDED

DO PASS

XXXXXXXXXX

Senator Tom Zowe,

Chairman.

ROLL CALL VOTE

SENATE TAXATION COMMITTEE 48th Legislative Session -- 1985

Time 9:30 Date 23 Jan 85 Room 413-415

Motion: SB 51 do pass as amended -
motion by Senator Brown.

Name	Yes	No	Excused
Senator Brown	✓		
Senator Eck	✓		
Senator Goodover		✓	
Senator Hager		✓	
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum		✓	
Senator Neuman		✓	
Senator Severson		✓	
Senator Towe	✓		

STANDING COMMITTEE REPORT

January 23

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19.....

MR. PRESIDENT

Taxation

We, your committee on

having had under consideration..... **Senate Bill** No. **72**

first reading copy (white)
color

EXCLUDE SOCIAL SECURITY BENEFITS FROM STATE INCOME TAX LIABILITY

Respectfully report as follows: That..... **Senate Bill** No. **72**

be amended as follows:

1. Title, line 5.

Following: "SECURITY"

Insert: "AND TIER 1 RAILROAD RETIREMENT"

2. Page 3, lines 12 and 13.

Following: "all" on line 12

Strike: remainder of subsection (m) through "II" on line 13

Insert: "social security and tier 1 railroad retirement benefits described in section 86 of the Internal Revenue Code of 1954, as amended and applicable on January 1, 1984."

3. Page 5, line 3.

Strike: "1984"

Insert: "1983"

AND AS AMENDED

DO PASS

~~XXXXXXXXXX~~

.....
Thomas E. Tova,

Chairman.

ROLL CALL VOTE

SENATE TAXATION COMMITTEE 48th Legislative Session -- 1985

Time 9:45 am Date 23 Jan 84 Room 413-415

Motion: amend SB 72 submitted by Dept of
Revenue. Motion by Halligan.

Name	Yes	No	Excused
Senator Brown		✓	
Senator Eck		✓	
Senator Goodover		✓	
Senator Hager		✓	
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum		✓	
Senator Neuman		✓	
Senator Severson		✓	
Senator Towe	✓		